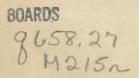
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ANNUAL STATEMENT

Montgomery Ward & Co., Inc.

1918



To STOCKHOLDERS:

We take pleasure in furnishing you a copy of the Annual Statement for the year 1918, as compiled by Arthur Young & Co., Certified Public Accountants.

In compliance with the terms of the Preferred Stock the company has added to the Sinking Fund the sum of \$200,000.00 for the purpose of retiring the Preferred Stock in accordance with the agreement under which the Preferred Stock was issued.

MONTGOMERY WARD & CO., INC., ROBERT J. THORNE, Pres.

CONDENSED STATEMENT OF EARNINGS FOR YEAR 1918

	SED STATE	MILINI	OI .	LAIRI	NUD	TOR TEATH	1910	
Sales								\$76,166,848.31
Net Profits after charging all add Deduct: Preferred Stock Div	ninistrative ar	nd opera	ting e	expenses		luding deprecia	ation .	6,390,181.29 527,615.41
Net Profits after deducting Prefer Reserved for 1918 War Excess P	red Dividends							\$ 5,862,565.88
Net Profits Remaining								\$ 3,862,565.88
Title Fronts Remaining	_				_			Ψ 3,002,303.00
BALANCE SHEET—DECEMBER 31, 1918 ASSETS								
REAL ESTATE, BUILDINGS AND EQUIPMENT:								
Lands and Buildings—						C= =00 606 0=		
Mercantile Factories	: : :	: :	:	: :	:	\$7,522,606.05		
Machinery and Equipment—						01117	\$ 7,867,397.73	
Mercantile						\$1,342,058.85		
Factories						509,486.95	1,851,545.80	
							-,-3-,3-13	\$ 9,718,943.53
Current and Working Assets:							\$ 2,618,050.28	
Accounts Receivable		: :					3,405,218.00	
Notes Receivable—	Dael Estata					\$ 800,000,00		
Secured by Mortgage on Sundry				: :	:	\$ 800,000.00		
							910,697.31	
Investments	Supplies, etc.						1,033,072.06	
Mercantile						\$23,959,321.83		
Factories						3,142,194 04	27,101,515.87	
SINKING FUND DEPOSIT—PREFERE	orn Crock							35,068,553.52
SINKING FUND DEPOSIT—I REFERE	KED STOCK				•			\$450,000.00
LIABILITIES \$45,237,497.05								
CURRENT LIABILITIES:		LII	IDILI	11125				
Accounts Payable							\$ 6,558,480.98	
Notes Payable	: : :	: :	:	: :	:	: : :	7,492,000.00	
Decree Day France Decree	To Ema							\$14,191,994.86
RESERVE FOR REAL ESTATE, BUILDI CAPITAL STOCK AND SURPLUS:	INGS, ETC							1,790,702.00
Preferred Stock, 7%, Cumula	ative—						A	
Authorized							\$10,000,000.00	
Outstanding								8,000,000.00
300,000 shares of no par Surplus:	value represer	nted by						8,186,396.02
As at December 31, 1917.							\$10,095,654.43	
Less: Common Stock Di 1917 War Excess I			ves P	aid .		\$1,575,000.00		
1917 Wat Excess 1	Tonts and Inc	come ra	ACS I	ard .	•	1,314,010.14	2,889,816.14	
							\$ 7,205,838.29	
Undivided Profits for 1918 (a	s above) .						5,862,565.88	13,068,404.17
Made up of—								
Reserved as provided in Comp Sinking Fund Preferred Stoc	oany's Charter						\$ 2,400,000.00	
Reserved for 1918 War Exces	ss Profits and	Income					2,000,000.00	
Remainder available for Com							8,218,404.17	
							\$13,068.404.17	
								\$45,237,497.05

We have audited the books of Montgomery Ward & Company, Inc., for the year ending December 31, 1918, and submit Condensed Statement of Earnings for the year and Balance Sheet as of December 31, 1918.

The year's profits after providing for depreciation on buildings and equipment and allowing for Bad and Doubtful Accounts, but before providing for the 1918 War Excess Profits and Income Taxes, amount to \$6,390,181.29 and after deducting the Preferred Stock Dividend amount to \$5,862,565,88, Before any dividends are paid on the Common Stock out of these profits, a sum of \$300,000 must be added to Surplus and a sum equivalent to 2½% of the Issued Preferred Stock be set aside as a sinking fund to retire the Preferred Stock as provided in the Company's Charter. Inventories have been taken at cost or under. In our opinion the foregoing Balance Sheet correctly sets forth the condition of the Company as at December 31, 1918.

ARTHUR YOUNG & CO., Certified Public Accountants.

